APPENDIX A

(Notice of Final Rulemaking)
57 Fed. Reg. 2021
(January 17, 1992)
(Pertinent Text)

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1 and 10

[Docket No. 910764-1306]

RIN 0651-AA27

Duty of Disclosure

AGENCY: Patent and Trademark Office, Commerce

ACTION: Notice of final rulemaking

SUMMARY: The Patent and Trademark Office (Office) is amending the rules of practice in patent cases to (1) clarify the duty of disclosure for information required to be submitted to the Office; (2) provide flexible time limits for submitting information disclosure statements including the requirement for a fee in certain cases; (3) eliminate consideration of duty of disclosure issues by the Office except in disciplinary and interference proceedings, and under other limited circumstances; and (4) eliminate the striking of patent applications which are improperly executed. The Office further is amending the Patent and Trademark Office Code of Professional Responsibility to define as misconduct a failure to comply with the rules on duty of disclosure. The rules as adopted strike a balance between the need of the Office to obtain and consider all known relevant information pertaining to patentability before

a patent is granted and the desire to avoid or minimize unnecessary complications in the enforcement of patents.

EFFECTIVE DATE: March 16, 1992. These rules will be applicable to all applicants and reexamination proceedings pending or filed after the effective date.

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[57 Fed. Reg. 2025]

Comment 14. Three comments stated that the language of proposed § 1.56(a) required revision to remove all statements or suggestions which might allow a court to consider a pending (i.e., unissued) claim for the purpose of determining whether the duty of disclosure requirement was met in view of the fact that the proposed rule was intended to indicate that there is no duty to disclose information which is material to a pending claim unless that claim ultimately issues in a patent. One comment argued that a court might interpret "the duty of candor and good faith" to be broader than the particular duty of disclosure specified in other portions of the proposed rule.

Reply: The language of §§ 1.56 and 1.555 has been modified to emphasize that there is a duty of candor and good faith which is broader than the duty to disclose material information. Section 1.56 further states that "no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct."

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Comment 18. Three comments stated that the first two sentences of proposed § 1.56(a) should be deleted since rules should simply instruct practitioners what to do without discussion of why they should do it or the philosophy involved.

Reply: The suggestion has not been adopted since the sentences aid in the understanding of the rule and will provide those involved in enforcing patents with an indication of the policy on which the rule is based.

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[57 Fed. Reg. 2027]

Comment 40. Two comments suggested that proposed § 1.97(a) be modified so that the mechanism of proposed § 1.98 would not be the only acceptable technique for submitting information.

Reply: The Office has set forth the minimum requirements for information to be considered in §§ 1.97 and 1.98. These rules will provide certainty for the public of exactly what the requirements are, when the Office will consider information and when the Office will not consider information. Thus, applicants are provided with means for complying with the duty of disclosure by following the rules. If information is submitted in a manner so that it is not considered by the Office, applicant will assume the risk that a court might find a violation of the duty of candor and good faith which includes the duty to disclose material information.

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[57 Fed. Reg. 2031]

Comment 69. Five comments questioned whether the requirement in proposed § 1.98(a)(3) would be satisfied by a statement that the references were cited in the prosecution of a parent application.

Reply: The requirement in § 1.98(a)(3) for a concise explanation of non-English language information would not be satisfied by a statement that a reference was cited in the prosecution of a parent application. The concise explanation must explain the relevance as presently understood by the person designated in § 1.56(c) most knowledgeable about the content of the information.

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Comment 74. One comment stated that a sentence in the preamble discussion of proposed § 1.98(c) was burdensome because it would require submission of incomplete or inexact translations which may have been made of an item of information. The sentence in question reads:

> But if the individual has the ability to translate the non-English language into English and has done so for the purposes of reviewing the information relative to the claimed invention, the translation would be considered "readily available."

Another comment stated that proposed § 1.98(c) should be modified to require a translation if the non-English language document is to be considered by the examiner since the attorney would want to prepare an accurate translation of particularly relevant references. One comment suggested that § 1.98(c), or the preamble discussion, should make it clear that an English-language translation of a foreign

language material reference need not be submitted where an individual merely reads in the reference in its original language and translates it mentally but does not prepare a written translation. Five other comments requested clarification on this point.

Reply: The Office does not intend to require translations unless they have been reduced to writing and are actually translations of what is contained in the non-English language information. Applicants should note, however, that most examiners do not have the ability to understand information which is not in English and that the Office will not routinely translate information submitted in a non-English language. The examiner will consider the information insofar as it is understood on its face, e.g., drawings, chemical formulas, English-language abstracts, but will not have the information translated unless it appears to be necessary to do so. Applicants are required to aid the examiner by complying with the requirements for a concise explanation in § 1.98(a)(3) for information submitted in a non-English language.

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APPENDIX B

Patent and Trademark Office
Implementation of 37 CFR § 1.56
1095 Official Gazette 16
(October 11, 1988)

(Pertinent Text)

The Patent and Trademark Office has been reviewing and discussing in conjunction with various private sector groups, its implementation of 37 CFR 1.56 which deals with the duty of disclosure and inequitable conduct. Determination of inequitable conduct issues requires an evaluation of the intent of the party involved. While some court decisions have held that intent may be inferred in some circumstances, consideration of the good faith of the party, or lack thereof, is often required. In several recent court decisions, a high level of proof of intent to mislead the Office was required to prove inequitable conduct under 37 CFR 1.56. See *In re Harita*, 847 F.2d 801, 6 USPQ 2d 1930 (Fed. Cir. 1988) and *FMC Corp. v. Manitowoc Co. Inc.*, 835 F.2d 1411, 5 USPQ 2d 1112 (Fed. Cir. 1988).

The Office is not the best forum in which to determine whether there was an 'intent to mislead', such intent is best determined when the trier of facts can observe the demeanor of witnesses subjected to cross-examination. The Office is not presently equipped to handle live testimony. Modifying Office procedures to do so would not be an effective utilization of resources. A court, with subpoena power, is presently the best forum to consider duty of disclosure issues under the present evidentiary standard for finding an 'intent to mislead.' The court proceeding involves two participating adverse parties. This is not the case in the

Office, since even 'protesting' parties are not permitted to participate under the Rules. Also, it is the courts and not the Office that are in the best position to fashion an equitable remedy to fit the precise facts in those cases where inequitable conduct is established. Furthermore, inequitable conduct is not set by statute as a criteria for patentability but rather is a judicial application of the doctrine of unclean hands which is appropriate to be handled by the courts rather than by an administrative body. Because of the lack of tools in the Office to deal with this issue and because of its sensitive nature and potential impact on a patent, the Office determinations generally will not deter significant litigation of the same issue in the courts on appeal or in separate litigation. Office determinations significantly add to the expense and time involved in obtaining a patent with little or no benefit to the patent owner or any other parties with an interest.

Accordingly, the Office will no longer investigate and reject original or reissue applications under 37 CFR 1.56 and to the extent 37 CFR 1.56 now requires the Office to do so, it is hereby waived. Likewise, the Office will not comment upon duty of disclosure issues which are brought to the attention of the Office in original or reissue applications except to note in the application, in appropriate circumstances, that such issues are no longer considered by the Office during its examination of patent applications. Examination of the lack of deceptive intent in reissue applications will continue but without any investigation of inequitable conduct issues. Applicant's statement of lack of deceptive intent normally will be accepted as dispositive except in special circumstances such as an admission or judicial determination of fraud or inequitable conduct.

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This change in practice will not reduce incentives to disclose information to the Office promptly. A judicial finding of inequitable conduct or fraud will still render a patent unenforceable or invalid. Therefore, applicants will still be encouraged to comply with the Rule, as applied by the courts. Practitioners found to have participated in inequitable conduct or fraud shall be subject to disciplinary proceedings. 37 CFR Part 10.

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Sept. 8, 1988 DONALD J. QUIGG,
Assistant Secretary and
Commissioner of Patents
and Trademarks.